

MEMORANDUM FOR: Assistant Administrators
Staff Office Directors
OFA Directors

FROM: Sonya G. Stewart

SUBJECT: FY 2000 FAIR Act Inventory

Under the FAIR Act, the Department of Commerce is required to submit an inventory of commercial activities by June 30th of each year. This year, the Department is requiring Bureau input by May 15, 2000. As an outcome of congressional concerns on employee and union involvement during the inventory process, the Department CFO has requested that each bureau "fully involve employees at all levels of the organization." We are requesting that each organization report with their inventory submission, how they involved employees and unions. Our recommendation is that all hands meetings be held at unit levels appropriate to each organization. In Attachment A, find a schedule, which allows NOAA to both meet the May 15th deadline, along with providing a recommended timeline for employee and union involvement. Also find attached other guidance for completing the inventory.

John Abbott, on my Management and Budget Office staff, will e-mail to the A-76 points of contact, the function codes and organizational personnel data for each Line and Staff Office to be used as the basis of preparing the inventory. The data includes the following information: NFC Number; Duty Station (City and State); Employee Name (Last, First); Title; Work Schedule (Full-Time and Part-Time); and Series.

The FAIR Act also requires Federal agencies to submit an Annual Report on Agency Management of Commercial Activities along with the FY 2000 inventory (See Office of Management and Budget Circular No. A-76, Transmittal Letter 20, Attachment 1, Sec. I).

We are currently gathering the guidance on the Annual Report, and we will send out more information on the report in the

next few days.

If you have questions, please do not hesitate to call John Abbott on (202)482-0011.

Attachments:

- A NOAA's FY 2000 FAIR Act Inventory Schedule
- B Flowchart
- C Linda Bilmes Memo: Call for FY 2000 FAIR Act Inventory

Internet Web Sites

www.whitehouse.gov/omb/circulars/index.html (OMB Circular A-76 Documents, including a Revised Supplemental Handbook and Transmittals)

cc:

S. Gudes

R. Behn

S. Sutherland

E. Campbell

List of NOAA Contacts for A-76 and the FAIR ACT

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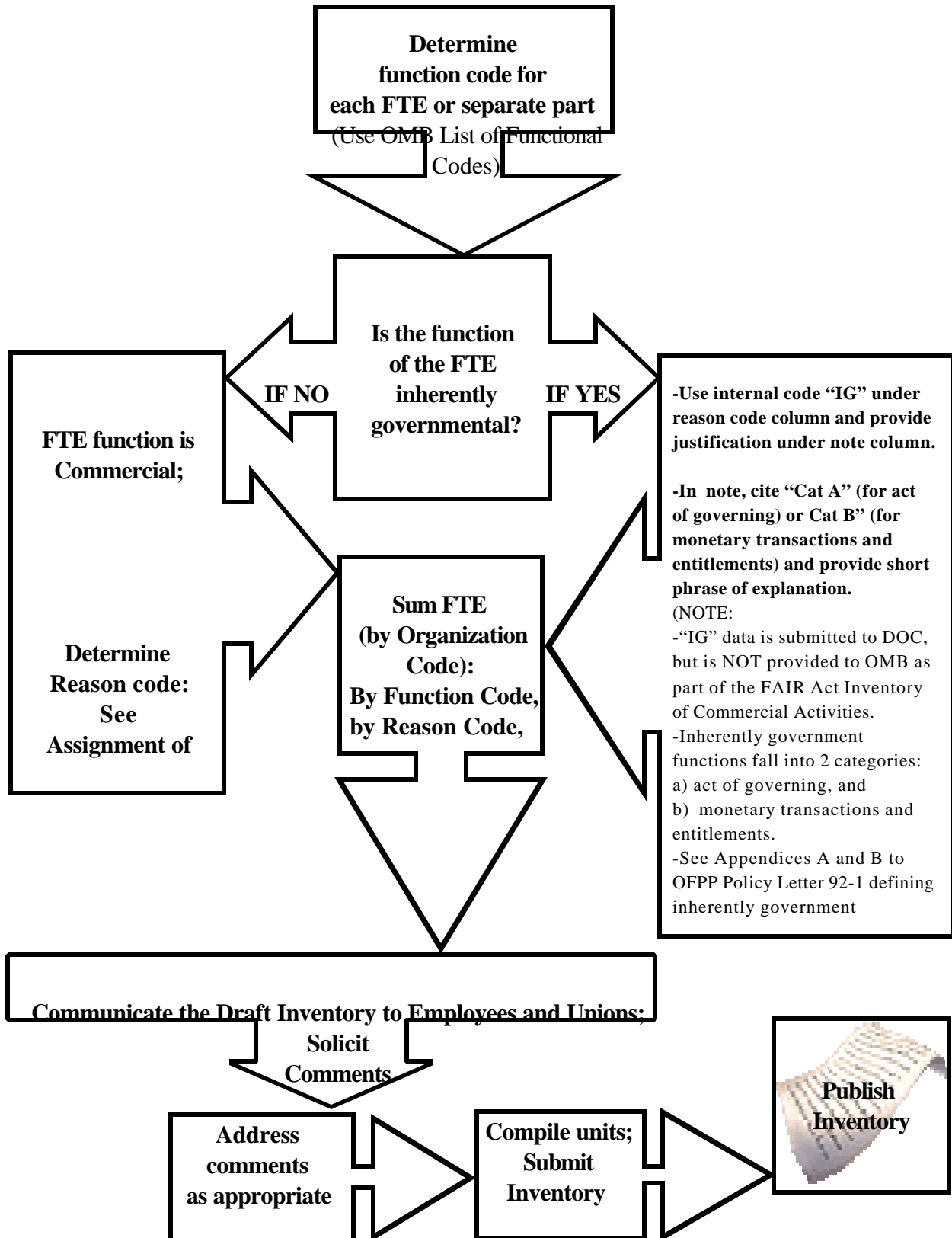
OFFICE	Contact	Phone	Fax
GC	James Dorskind or designee	(202)482-4080	(202)482-4893
HPCC	Tom Pyke or designee	(301)713-3573	(301)713-4040
IA	Rolland Schmitt or designee	(202)482-6076	(202)482-6000
NMFS	CDR George White	(301)713-2239 x205	(301)713-2258
NOAA Secretarial Offices	Rich Behn or designee	(202)482-3565	(202)482-1041
NOS	Veronica Harvey	(301)713-3070 x184	(301)713-4307
NWS	Joseph Smith	(301)713-1698 x119	(301)713-0662
	Alt: Noel Monte	(301)713-1698 x123	(301)713-0662
	Alt: Nick Leivers	(301)713-1698 x177	(301)713-0662
OAR	Kenneth Jones	(301)713-2454 x174	(301)713-4020
OFA AG	John Thompson	(301)713-0823 x193	(301)713-0806
OFA A&IC	Barbara Martin	(301)713-1150	(301)713-1169
OFA Budget	Donna Gray	(202)482-2079	(202)482-2502
OFA CASC	Mary Cox	(816)426-2050 x343	(816)426-7459
OFA Civil Rights	Al Corea	(301)713-0500 x114	(301)713-0983

OFA Diversity	Barbara Marshall-Bailey	(301)713-1965 x125	(301)713-2083
OFA Facilities	Susan Kennedy	(301)713-9054 x109	(301)713-0426
OFA Finance	RJ Dominic	(301)413-8795 x102	(301)413-8543
OFA HRMO	Regina E. Millard	(301)713-0530 x104	(301)713-2083
OFA ISO	Robert Kidwell	(301)713-3525 x113	(301)713-3554
OFA EASC	Rob Hull	(757)441-6447	(757)441-6500
OFA MASC	Steven Robar	(303)497-6947	(303)497-3913
OFA WASC	Robert Henderson	(206)526-6016	(206)526-6660
OMAO	Jim Martin	(301)713-3418 x138	(301)713-1577
OPSP	Margaret McCalla or designee	(202)482-5181 x149	(202)501-3024
PA	Barbara Semedo or designee	(202)482-5647	(202)219-8827
SDIA	Roan Conrad or designee	(202)482-3384	(202)482-2663
NESDIS	Ralph Conlin or designee	(301)713-9210 x140	(301)713-9219
SAO	Barbara Macneill or designee	(301)713-0105 x204	(301)713-0086

FY 2000 FAIR Act Inventory NOAA Schedule

March 30 - April 13	NOAA organizations develop inventory
April 14	Organizations communicate inventory to employees and union representatives
April 14 - April 24	Employees and unions provide comments and/or concerns on the inventory to appropriate organization
April 25 - May 5	Organizations review employee and union comments. Review and/or revise inventory
May 8	Inventories due to OFA M&B Office
May 9 - May 14	OFA reviews and finalizes the NOAA FAIR Act inventory submission
May 15	NOAA inventory due to the Department
June 30	Department submits inventory

**PREPARING THE FAIR INVENTORY
and use of
REASON CODE A (3/20/00)**



Assignment of Reason Codes

See: A-76 Supplemental Handbook, APPENDIX 2
Commercial Activities Inventory

The following reason codes will be used in the Commercial Activities Inventory. Agencies may add additional sub-groupings (A1, A2 for example) within any reason code, as deemed necessary.

NOTE: - Include only encumbered or funded vacant FTE in the FAIR Act Inventory.
 - Contracted commercial activities are not included in the inventory.

Code	Explanation

A Indicates that the function is performed by Federal employees and is specifically exempt by the agency from the cost comparison requirements of the Circular and the Supplement. Exempt from the cost comparison requirements of Circular and the Supplement means that the function may be converted directly to contract performance, without a cost comparison. For guidance, see: Circular No. A-76 Supplemental Handbook (March 1996 (Revised through Transmittal Memorandum 20, June 1999)), Part 1, Chapter 1.C. Government Performance of Commercial Activities.

Use the following questions to determine whether use of Reason Code A is appropriate.

A1 National Defense: Applicable only with approved request
(See above guidance for explanation)

A2 Patient Care: Not Applicable

A3 Core Capability

Defined as "minimum core capability" by
Line/Staff/Program Director
IF YES--Cost comparison not required to convert
to/from in-house, contract, or ISSA

A4 Research and Development

Research and development activities are performed by in-house, contract or ISSA?

IF YES--without cost comparison. Recurring and severable activities that are performed in support of direct research and development are subject to the cost comparison requirements of this Supplement.

A5 No Satisfactory Commercial Source Available

Satisfactory commercial source unavailable?

IF Yes--Cost comparison not required to convert to/from in-house, contract, or ISSA. Efforts to find sources must be documented, and made available to public on request

A6 Functions With 10 or Fewer FTE

Less than 10 employees?

IF Yes--May be converted from contract to in-house or ISSA without cost comparison, if contracting officer determines that performance is unsatisfactory, or that fair and reasonable prices cannot be otherwise obtained.

A7 Meet Performance Standard

Agency demonstrates performance $\frac{1}{4}$ generally recognized industry performance and cost standards?

IF Yes--Cost comparison not required to convert to/from in-house, contract, or ISSA.

A8 Lower Cost

In-house, contract, or ISSA warranted by results of cost comparison?

IF Yes--Cost comparison not required to convert to/from in-house, contract, or ISSA. Cost comparison in accordance with A-76 Supplement [requires use of agency's fully allocated costs.

A9 Temporary Authorizations for In-House Performance.

Contractor defaults or is otherwise terminated?

IF YES--Agencies should seek interim contract

support. If interim contract performance is not feasible, in-house or ISSA performance of a "contracted" activity may be authorized, on a temporary and emergency basis. A replacement contract should be awarded or a new requirements cost comparison completed.

Use Reason Codes B through I for remainder of functions and FTE.

- B Indicates that the activity is performed by Federal employees and is subject to the cost comparison or direct conversion requirements of the Circular and this Supplement.
- C Indicates that the activity is performed by Federal employees, but it has been specifically made exempt from the provisions of the Circular and this Supplement by Congress, Executive Order or OMB.
- D Indicates that the function is currently performed by in-house Federal employees and is in the process of being cost compared or converted directly to contract or interservice support agreement performance.
- E Indicates that the function is retained in-house as a result of a cost comparison.
- F Indicates the function is currently being performed by Federal employees, but a review is pending force restructuring decisions (i.e., base closure, realignment, consolidation, etc.).
- G Indicates that the function is prohibited from conversion to contract because of legislation.
- H Waiver issued.

For guidance, see: Circular No. A-76 Supplemental Handbook (March 1996 (Revised through Transmittal Memorandum 20, June 1999)), Part 1, Chapter 1.E.

Agency Cost Comparison Waivers.

- I Indicates the function is being performed in-house as a result of a cost comparison resulting from a decision to convert from contract to in-house performance.

References

- A. Circular No A-76, August 4, 1983 (Revised 1999)
- B. A-76 Supplemental Handbook, APPENDIX 5: Office of Federal Procurement Policy (OFPP) Policy Letter 92-1, "Inherently Governmental Functions"

Appendix A gives examples of Inherently Governmental Functions
Appendix B gives examples of Commercial Functions
- C. A-76 Supplemental Handbook, APPENDIX 2: Commercial Activities Inventory explains the requirements of the FAIR Act Inventory; states the Reason Codes for Commercial Activities Inventory (FAIR)
- D. Circular No. A-76 Supplemental Handbook (March 1996 (Revised through Transmittal Memorandum 20, (June 1999), Part 1, Chapter 1.C. Government Performance of Commercial Activities)) provides guidance on the use of Reason Code A.

Find these references at:

<http://www.whitehouse.gov/omb/circulars/>

March 3, 2000

MEMORANDUM FOR: Secretarial Officers
Heads of Operating Units

FROM: Linda J. Bilmes
Chief Financial Officer and
Assistant Secretary for Administration

SUBJECT: FAIR Act Plan, Annual Report, and Inventory
for FY 2000

On October 28, 1999, I testified before the House Subcommittee on Government Management, Information and Technology regarding implementation of the Federal Activities Inventory Reform (FAIR) Act in the Department of Commerce. In response to a question from Chairman Horn on the extent of our involvement of employees in establishing the inventory, I responded that we had delegated these actions to the bureaus, who involved employees to varying degrees. I explained that we asked Bureau managers to provide individuals or groups of employees to review active positions in the Department, using the National Finance Center payroll records as a basis. These individuals and groups assigned function codes to each Full Time Equivalent (FTE) utilizing the schema provided by the Office of Management and Budget (OMB) in Circular A-76 and revisions to the Supplemental Handbook.

In a follow-up question for the record, I committed that next year we would seek input from employees, unions, and other employee groups when conducting the inventory. Further, I responded that I would ask each bureau or office to submit a plan for accomplishing this involvement, using such means as employee panels, or partnership councils. Please submit a plan for accomplishing this involvement in your bureau or office to assure the appropriate consultation with employees and employee groups. Your plan should be submitted to my office no later than March 31, 2000.

Under the FAIR Act, Commerce is required to submit an inventory of commercial activities by June 30 of each year.

My office will work with you to obtain a list of positions occupied in the Department using data from January 2000 as our baseline. This information will be available to you and your A-76/FAIR Act contacts this month. I will expect your completed inventory to be submitted to the Department for review no later than May 15, 2000.

If there are issues that require discussion, they will be referred to your A-76/FAIR Act point of contact. After clarification and agreement on such issues, your Bureau's information will be incorporated into the final document.

All Federal agencies are required to submit an Annual Report on Agency Management of Commercial Activities along with the inventory for FY 2000. Your organization will be asked to provide information on support contracts, grant and cooperative agreement programs, cost studies that have been completed and the year in which they were completed, and cost studies that are in process or are under consideration. This information will become part of our Annual Report.

I appreciate the cooperation you have shown in the past in developing our FAIR Act responses, and look forward to working with you during the coming year.